



Good Neighbors

San Diego
Housing Commission

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REPORT

DATE ISSUED: August 20, 2004

Item 103

REPORT NO.: HCR04-68
For the Agenda of August 20, 2004

SUBJECT: Housing Enhancement Loan Program in the Crossroads Redevelopment Project Area (Council Districts 4 & 7)

SUMMARY

Issue: Should the Housing Commission agree to administer a Housing Enhancement Loan Program for owner-occupants in the Crossroads Redevelopment Project Area for the City Redevelopment Agency as described in this report?

Recommendation No. 1: Recommend Housing Authority authorization for the President and Chief Executive Officer to execute the Agreement (Attachment 2) with the City Redevelopment Agency to administer the Crossroads Housing Enhancement Loan Program.

Recommendation No. 2: Recommend Housing Authority approval of an increase of \$452,000 for the Fiscal Year 2005 Housing Rehabilitation owner-occupied loan budget to incorporate City Redevelopment Agency tax increment housing set-aside funds for the Crossroads Housing Enhancement Loan Program.

Fiscal Impact: This action would increase the Housing Commission's Housing Rehabilitation loan budget by \$452,000 from the City's Redevelopment Agency tax increment housing set-aside funds. An administrative fee of 15% would be provided from these funds for each rehabilitation loan funded in order to offset staff costs in the administration of this new program.

Affordable Housing Impact: \$452,000 would fund twenty-six Housing Enhancement Loans at \$15,000, plus administrative costs, for homeowners earning up to 100% of Area Median Income (AMI) (\$63,400 for a family of four), adjusted annually for family size.



A state agency authorized by the City of San Diego

BACKGROUND

On May 18, 2004, the City Redevelopment Agency approved program guidelines and authorized the expenditure of College Grove Housing set-aside funds up to \$452,000 for program administration and funding for the Crossroads Housing Enhancement Loan Program (H.E.L.P.). The program would offer an Enhancement Loan up to \$15,000 to owner-occupants of one and two-unit properties in the Crossroads Redevelopment Project Area whose gross household income is no greater than 100% AMI. At the request of the Redevelopment Agency, Housing Commission Rehabilitation staff submitted a proposal to administer the program on July 13, 2004 (Attachment 1).

DISCUSSION

Strategy 6 of the Housing Commission's Business Plan (approved by the Housing Commission on December 13, 2002 and the Housing Authority on February 11, 2003; HCR02-055) is to market and implement technical rehabilitation services to public entities, as well as not-for-profit and for-profit affordable housing developers. In response to the Housing Commission's submitted proposal, the Redevelopment Agency has requested that the Housing Commission administer the Crossroads Redevelopment Project Area Housing Enhancement Loan Program, which uses the acronym H.E.L.P.

H.E.L.P. will provide a one-time only housing rehabilitation loan up to \$15,000 to Crossroads area owner-occupants of one- and two-unit properties whose gross household income is no greater than 100% of AMI. The loans will be forgiven incrementally over a twelve (12) year period, based upon continued owner-occupancy and maintenance of the property improvements. If the homeowner fails to comply with the guidelines within the first seven years, the Agency may require the repayment of 100% of the loan principal plus three percent interest on the loan principal balance per year from the date of the loan. Commencing with the eighth year, an amount equal to twenty percent (20%) of the original principal will automatically be forgiven each year to the twelfth year. The amount repayable in case of default from the eighth year will be the unforgiven principal balance plus simple interest at three percent (3%) per year on the unforgiven principal balance from the date of loan recordation.

The Housing Commission Rehabilitation staff will be responsible for marketing and administering the program and reporting to the Redevelopment Agency as described in the Agreement (Attachment 2). The staff is requesting authority for the President to execute the Agreement with the Redevelopment Agency for the administration of this program and to increase by \$452,000 the Housing Commission's Fiscal Year 2005 owner-occupied Housing Rehabilitation loan budget. The Agreement is limited to this one year of funding. However, it is anticipated that, if successful, and additional funding becomes available, the Agreement will be revised in the future to allow for multi-year funding and administration.

ALTERNATIVE

Do not authorize execution of the Agreement or the budget revision and direct the staff to stop marketing the technical assistance service.

Respectfully submitted,

Approved by,

Cissy Fisher
Director of Housing Finance & Development

Elizabeth C. Morris
President & Chief Executive Officer

**Signature on File
With Original Document**

L Knudson (619) 578-7521

Attachments:

1. San Diego Housing Commission Proposal to Administer the Crossroads Redevelopment Project Area Housing Rehabilitation Program.
2. Agreement for the administration of the Crossroads Housing Enhancement Loan Program.

PROPOSAL

**TO THE CITY OF SAN DIEGO
REDEVELOPMENT AGENCY**

FOR THE ADMINISTRATION OF THE

**CROSSROADS
REDEVELOPMENT PROJECT AREA**

**HOUSING REHABILITATION
PROGRAM**

PRESENTED BY

**THE SAN DIEGO HOUSING COMMISSION
Housing Rehabilitation Program
9550 Ridgeway Court
San Diego, CA 92123**

JULY 13, 2004

Housing Rehabilitation Program Proposal

The San Diego Housing Commission hereby submits a proposal to administer a Housing Rehabilitation Program in the Crossroads Redevelopment Project Area in response to a Request for Proposal by the City of San Diego Redevelopment Agency on July 8, 2004.

Experienced Professionals

The San Diego Housing Commission's (SDHC) Housing Rehabilitation Department has twenty-five years experience of administering a variety of housing rehabilitation programs, ranging from concentrated target areas in different communities of San Diego to citywide programs, including both owner-occupied and rental housing. Several of the rehabilitation staff have been with the department since its inception, and provide a wealth of construction knowledge and monitoring experience. Both field staff and marketing staff have bilingual English/Spanish capabilities to facilitate understanding and cooperation in the rehabilitation process. In addition, existing housing rehabilitation programs available on a citywide basis can complement a targeted program to achieve a more effective rehabilitation, and be accomplished with the same staff more efficiently. The SDHC Loan Management staff have many years experience in loan underwriting and servicing to complete the full-service capacity by our agency to successfully administer a housing rehabilitation program.

Proposed Plan for Program Administration

Community Outreach

Property ownership listings will be obtained for the census tracts included in the project area focusing primarily along Streamview Drive and the Fox Canyon area to determine incidence of owner-occupied one and two-unit properties. A drive-by assessment of those property concentrations will be made to determine areas of greatest visual impact, and direct mailings of program information will be sent to those properties. Incremental direct mailings will be coordinated to keep pace with funding and staffing availability. In addition, brochures and program information and flyers will be provided to the Mid-City Community Service Center, and other community meeting sites near the Darnell Community. Lyle Knudson, Senior Program Analyst, will be responsible for outreach and will also be available for English or Spanish presentations to community groups. He has twenty-four years experience in rehabilitation program marketing, budgeting and program coordination, and will be supported by two administrative assistants, Michele Rodriguez and Esperanza Martinez. The property owners' responses to marketing will be answered by these three staff, who will screen applicants for eligibility and obtain contact and requested repair information. Data Quick ownership and property profile information will be obtained for each applicant.

Application and Inspection Process

Frank Ballow, Housing Construction Officer, will assign one of seven experienced Housing Construction Specialists (HCS) to each screened loan applicant. (Mr. Ballow has been with the SDHC Rehabilitation Program since its inception in 1979, and previously worked in that capacity with a city department. He will have overall management responsibility for implementation of the rehabilitation program. Of the seven Housing Construction Specialists, three have bilingual English/Spanish abilities: Juan Galvan has been a HCS with SDHC for 15 years, and previously served in that capacity with the County of San Diego HCD for 1 year; Steven Dean has been a HCS for 26 years between SDHC and Salt Lake City, Utah; Louis Solomon has been a HCS with the SDHC for 16 years and also has a degree in architecture. The other five HCS are: Flavian Geis, a HCS with SDHC for 25 years and a licensed general contractor; Lorenzo Townsend, a HCS with SDHC for 24 years; Rick Vincent, a HCS with SDHC for 16 years plus previous 5 years in that capacity with the County of San Diego HCD and a licensed general contractor; and Vanessa McGough, a HCS with SDHC for 13 years plus previous 6 years with the County of San Diego HCD. Each HCS is experienced in application interviewing and completion, obtaining income documentation in addition to technical construction knowledge, assessment of repair needs, cost estimation, historic and architectural assessments, and construction disbursements and monitoring.

The assigned HCS will contact the property owner and schedule an appointment at the property to explain the program and the process, complete a loan application, collect income documentation, assess the repair needs of the property, and develop a scope of eligible rehabilitation work based on program standards and the rehabilitation budget. By combining these functions in one property visit, process time is reduced. The applications are submitted to Knudson, the Sr. Program Analyst, who is responsible for determining application completeness, ensuring income eligibility under 100% Median Area Income, ordering title information to ensure ownership, and approving overall eligibility for the program, or potentially other SDHC Housing Rehabilitation loans or grants if needed to complete required repairs.

Contractor Bid Process

After eligibility is approved, the assigned HCS schedules a follow up appointment with the property owner to finalize the scope of work based upon the rehabilitation budget as estimated by the HCS. The HCS then prepares the work specification ("work write-up") and provides the property owner with three copies of bid instructions and work specifications to be used for contractor bid solicitation. The property owners will then solicit three bids within a three week period from contractors of their choice. If requested, the HCS can provide a list of contractors as a resource. This list is updated monthly to ensure the contractors are licensed, insured and in good standing, however, the property owner is not required to select contractors from such a list. On the date of the bid receipt deadline, the HCS will

review the received bids with the property owner, who then selects one of the bids, which must be within 15% of the HCS's in-house estimate. The HCS will contact the selected contractor and schedule a pre-construction conference with the owner and contractor.

Document Preparation and Pre-Construction Conference

A Memorandum of Agreement Affecting Real Property, a document for recording the loan approved by SDHC and Redevelopment Agency counsels, will be completed by the HCS, as well as preparation of a Construction Contract, Truth-in-Lending Disclosure Statement, Notice of Right to Cancel Transaction, and a Pre-Construction Conference Agreement, Lien Law Notice to Owner, Order to Proceed with construction, Request for Funds authorization, and any addenda to the work specifications, if necessary. At the scheduled pre-construction conference between the property owner, selected contractor and the SDHC HCS, the HCS will review the work specifications, ensuring mutual understanding between the property owner and contractor, and ensure proper execution of contracts, agreements and other necessary documents. Each HCS is also a Notary Public, so they can notarize any document so required.

Knudson, the Sr. Program Analyst, will allocate the pertinent funding source to ensure sufficient funding, and Mr. Ballow, the Housing Construction Officer, will review all executed documents and agreements and authorize funding the loan by written approval. The HCS will then issue the Order to Proceed to the contractor for commencement of the rehabilitation work.

Construction Monitoring

The assigned HCS will make site visits minimally once a week, or as warranted by work being performed, and upon payment request by the contractor to ensure quality and timeliness of the rehabilitation work. The HCS will also prepare any mutually agreed upon change orders to the work specifications. When the HCS is notified by the contractor that the work is completed, a completion walk-through inspection is scheduled with the property owner, contractor, HCS and the Housing Construction Officer on a random quality control basis. All required permits must be signed off by the City Building Inspectors, and each work item on the specifications list and any change orders must be reviewed for quality and completeness. If any items are incomplete or substandard, a "punch list" is prepared for the item to be completed. Once all items are reviewed and accepted, the property owner, contractor and HCS sign a Walk-Through Certification and final disbursement of funds is made.

After the project is completed, the HCS compiles all documents, agreements, project case records, receipts and all documentation involved with the rehabilitation project within a single file folder and submits it to the Housing Construction Officer for review for completeness and to ensure compliance with all required federal, state, or programmatic requirements. The file is then forwarded to the SDHC Loan Management Department for any ongoing loan servicing.

Completed rehabilitation projects will be tickled for subsequent annual inspections by Housing Rehabilitation staff to ensure the property is maintained at the level of quality achieved by the rehabilitation in accordance with the loan terms.

Loan Servicing

The SDHC Loan Management staff consists of a Loan Management Supervisor, Vicki Monce, who has been in that position for 21 years, two Loan Production Specialists: Nancy Deeds, who has 24 years of loan underwriting experience with SDHC; and Myrna Herbias, who has experience in accounting and loan underwriting with the SDHC for 25 years. Loan servicing is provided by two Loan Servicing Specialists, Sandra Ryan, with 20 years underwriting and loan servicing experience with the SDHC; and Irma Curtis, who is bilingual in English/Spanish and has been an underwriter/servicer with the SDHC for 9 years. Two Office Assistants, Diane Lias with the SDHC for 19 years, and Orlinda Stocking, 8 years with the SDHC, provide administrative support to the Loan Management staff. In the case of smaller deferred or forgiven loan or grant programs, the loan production staff will not be involved, however, loan servicing staff will ensure proper recordation of Memoranda of Agreements affecting Real Property and maintain loan files after completion of the rehabilitation work. Ms. Ryan and Ms. Curtis process subordination requests, payoffs, loan repayments, reconveyances and any servicing requests until the loan documentation dictates repayment or forgiveness.

Program Administration, Accounting and Reporting

SDHC proposes to administer the Crossroads Housing Rehabilitation Program under the overall management of Mr. Frank Ballow, Housing Construction Officer, utilizing its own experienced SDHC staff as indicated in the above process plan from program marketing through the rehabilitation process and subsequent loan servicing. SDHC staff will prepare a draft Memorandum of Agreement Affecting Real Property for recording purposes to stipulate loan terms, conditions and restrictions and regulatory requirements related to Redevelopment Law. This document would be reviewed and approved by SDHC and Redevelopment Agency counsels. In addition, SDHC staff proposes to use existing approved construction contracts and related agreements and forms common to housing rehabilitation programs which are pertinent and acceptable for use with the Crossroads Housing Rehabilitation Program. SDHC staff shall maintain case records for all rehabilitation projects, including contracts, agreements, income and ownership documentation, receipts and authorization for payments and all related documentation pertaining to each project.

SDHC proposes to establish and maintain a separate interest bearing trust account for housing set-aside funds received from the Redevelopment Agency for the Crossroads Redevelopment Project Area and any Agency funds repaid and returned for the use of the program.

SDHC staff will prepare and submit to the Redevelopment Agency a written report on a semi-annual basis within 30 days of the end of the calendar year and fiscal year (by January 30 and July 30 of each year) which will provide progress information on the program for the preceding six months and cumulatively. The reports will provide information on number of applications completed and being assessed, number, amount, and type of loans funded, number of projects completed, status of the trust account, interest earned, loans repaid, balances, and funding and marketing projections.

Administrative Fee Proposal

SDHC will be fully responsible for operating the Crossroads Housing Rehabilitation Program. As compensation for this service, SDHC proposes using 15% of the Crossroads Housing Rehabilitation Loans funded during a specific fiscal year to offset staff costs incurred in the administration of the program in any program year. The 15% fee incorporates the standard \$500 loan servicing fee for the life of the loan and also provides some compensation for staff time spent on projects that later cancel. The source of payment for the fee would come from any Redevelopment Agency housing set-aside funds transferred to the trust account for the Crossroads Housing Rehabilitation Program and all revolving accrued program income obtained through the interest bearing account or loan repayments which would be available for providing additional loans.

Administrator Contact Information

Agency: San Diego Housing Commission
1625 Newton Avenue
San Diego, CA 92113

Contact Person: Lyle Knudson
Senior Program Analyst
Housing Rehabilitation Program
9550 Ridgehaven Court
San Diego, CA 92123
(619)578-7521
E-mail: lyle@sdhc.org

ATTACHMENT 2

AGREEMENT

This Agreement is made and entered into by and between the Redevelopment Agency of the City of San Diego [the Agency], and the San Diego Housing Commission [the Commission].

RECITALS

A. WHEREAS, the Crossroads Redevelopment Project Area [Project Area] is a redevelopment project area adopted by the Agency pursuant to the California Community Redevelopment Law (California Health and Safety Code Section 33000 et seq.); and

B. WHEREAS, the attached map (Exhibit A), incorporated by this reference, illustrates the boundaries of the Project Area.

C. WHEREAS, the Agency is engaged in activities necessary to carry out and implement the Redevelopment Plan for the Project Area; and

D. WHEREAS, pursuant to Health and Safety Code section 33334.2, the Agency must set aside twenty percent of tax increment monies generated in a project area to be used for the purposes of increasing, improving, and preserving the community's supply of low- and moderate - income housing available at affordable housing cost to persons and families of low or moderate income and very low income households; and

E. WHEREAS, the provision of homeownership and housing rehabilitation opportunities for low- and moderate-income households are eligible uses of housing set-aside funds; and

F. WHEREAS, on May 18, 2004, pursuant to Resolution R-03770, the Agency authorized the expenditure of College Grove Housing set-aside funds in an amount not to exceed \$452,000 for the Crossroads Housing Enhancement Loan Program [the Program] and approved the Program Guidelines. Such funds, plus any interest earned on such funds and any additional funds provided by the Agency shall be referred to herein as the "Program Funds."

G. WHEREAS, by this Agreement, the Agency is committed to allocating certain housing set-aside funds for the Program; and

H. WHEREAS, the Program would offer a one-time only Enhancement Loan to owner-occupants of one and two-unit properties, in the Crossroads Redevelopment Project Area, whose gross household income is no greater than 100% of the Area Median Income (AMI), as adjusted annually; and

I. WHEREAS, the Project Area will benefit from additional homeownership and housing rehabilitation opportunities and increased neighborhood and community stability provided by the Program; and

J. WHEREAS, the Commission is a public entity established by the City of San Diego City Council in an effort to provide quality, affordable housing opportunities for the City of San Diego's elderly, disabled, moderate and lower income populations; and

K. WHEREAS, the Agency seeks to retain the services of the Commission to market and administer the Program as set out in greater detail below;

NOW THEREFORE, in consideration of the terms and conditions set forth below and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, the parties mutually agree as follows:

ARTICLE 1: SCOPE OF AGREEMENT

1.1 Purpose: The purpose of this Agreement is to provide a cooperative program to increase the ability of very-low, low and moderate-income homeowners occupying one- and two-unit properties in the Project Area to rehabilitate their existing homes. These homeowners are those whose gross household income is no greater than 100% of the Area Median Income (AMI), as adjusted annually.

1.2 Administration: Through this Agreement, the Agency retains the Commission to market and administer the Program for qualifying homeowners in the Project Area.

ARTICLE 2: AGENCY RESPONSIBILITIES

2.1 Approvals: The Agency agrees to prepare the necessary documentation for any action by the Agency or City Council required to implement this Agreement. The Agency agrees to use its best efforts to obtain any necessary approvals from the City Council or the Agency for the appropriate use of funds and resources pursuant to this Agreement.

2.2 Program Review: The Agency shall have the right but not the obligation to review the Commission's year-end report with respect to the implementation of the Program by the Commission to determine the Commission's compliance with this Agreement.

2.3 Staff Assistance: Agency staff members shall provide assistance, where feasible, in the development of final procedures for the Program and related marketing strategies

2.4 Meetings: Agency staff shall assume the responsibility of convening, planning, evaluating, and coordinating meetings on an as-needed basis for the Program.

ARTICLE 3: COMMISSION RESPONSIBILITIES

3.1 Program Administration: The Commission agrees to administer all Agency Funds pursuant to the terms of this Agreement and the Crossroads Redevelopment Project Area

Housing Enhancement Loan Program Guidelines as detailed within Exhibit B, except as otherwise provided in this Agreement, the Commission using the fifteen percent (15 %) administrative fee as provided in Section 8 of this Agreement, agrees to secure all necessary personnel to implement such programs.

The Commission is expected to provide marketing and outreach specialists; inspectors familiar with the City of San Diego codes and permit process; contract and subcontract administration, and; loan processing. There will also be a requirement to monitor compliance with Crossroads Housing Enhancement Loan Program contract and eligibility requirements (e.g.: Median Area Income eligibility, ownership, occupancy, health and safety inspections,) for any breaches of the clients' contractual obligations. The Commission will be required to process all required financial documents, liens, lien releases, trust deeds, contracts and inspection records and to keep these records in an organized manner and provide progress reports to the Redevelopment Agency. Commission shall provide the reports to the Agency and Crossroads Redevelopment Project Area Committee as provided in Section 3.4, below.

3.2 Separate Account: The Commission agrees to establish and maintain a separate accounting for the Agency Funds identified in this Agreement [the Agency Account]. The Agency Account will include funds transferred directly from the identified Housing Set-Aside Fund, interest earned on those funds, and any funds repaid to the Commission on loans made pursuant to the Program.

3.3 Accounting Procedures: The banking and accounting procedures used by the Commission shall be satisfactory to the Agency and the City Auditor and Comptroller, and shall clearly track and account for the use of Agency Funds. Interest earned on funds in the Agency Account, shall be returned to the Agency Account.

3.4 Reporting Requirements: Within thirty days of the end of each fiscal year, the Commission shall prepare annual reports outlining the progress of the Program during the previous fiscal year. Within 30 days of the end of each quarter, the Commission shall also prepare reports outlining the progress of the Program during the previous quarter. The reports shall be in a format approved by the Agency and shall include the following information by Redevelopment Project Area and Target Housing Development:

- Number of loans made and applications processed to date and within the previous quarter;
- Amount of interest earned to date, and within the previous quarter;
- Any funds returned to the Agency Account as a result of repayment of the Agency's share of loans made pursuant to the Program;
- Amount of funds transferred, if any from Agency Account to the Commission's accounts;
- Amount of Agency Funds expended to date and within the previous quarter;
- Amount of Administrative Fees paid to Commission pursuant to Section 8 of this Agreement, i.e., earned on loans funded under the Program
- The Agency Account balance;
- Number of units, including number of bedrooms per unit, participating in the Program;
- Projects funded (under rehabilitation) and projects completed;
- Income levels of homeowners (i.e. Very Low, Low, Moderate);
- Supplemental funds (other Commission loans, grants, owner funds) used in each project;

- Brief description of rehabilitation work completed; and
- Marketing effort results and needs.

3.5 Inspection and Audit of Records: Any and all books, statements, documents, records and financial data of the Commission pertaining to the Program shall be made available to the Agency, the City Auditor and Comptroller, or the Agency's designee, within five (5) working days after receipt of a written request from the Agency to the Commission for inspection or audit by the Agency. The Agency shall have the right to make copies or excerpts of any or all such documents at its own cost.

3.6 Equal Employment Opportunity Outreach Program: The Commission acknowledges and agrees that it is aware of, and will comply with, the City's Equal Employment Opportunity Outreach Program and San Diego Municipal Code sections 22.2701 through 22.2707. The Commission will not discriminate against any employee or applicant for employment on any basis prohibited by law. The Commission will provide equal opportunity in all employment practices. The Commission will ensure that its subcontractors, if any, comply with this program. Nothing in this section shall be interpreted to hold the Commission liable for any discriminatory practice of its subcontractors. The Commission has submitted and the Agency acknowledges receipt of a current Work Force Report or, if required, a current Equal Employment Opportunity (EEO) Plan.

3.7 Non-Discrimination in Contracting Ordinance: The Commission shall comply with the City's *Nondiscrimination in Contracting Ordinance*, San Diego Municipal Code sections 22.3501 through 22.3517.

3.8 American With Disabilities Act: The Commission acknowledges and agrees that it is aware of and will comply with Council Policy 100-04, incorporated herein by this reference, adopted by Resolution No. R-282153, relating to the federally-mandated Americans with Disabilities Act [ADA]. The Commission will be solely responsible for ensuring that all activities engaged in pursuant to this Agreement are in compliance with all applicable ADA law.

ARTICLE 4: MUTUAL RESPONSIBILITIES

4.1 Conflict of Interest: The Commission and the Agency each represent and covenant that neither it, nor its members or employees presently have any interest, nor shall it nor its members or employees acquire any interest, direct or indirect, which conflicts in any manner or degree with the performance of services required to be performed under this Agreement.

The Commission and the Agency each further represent that it has established appropriate safeguards to prohibit its members and employees from using their positions for any purpose that is, or gives the appearance of being, motivated by desire for private gain for themselves or those with whom they have family, business, or other relationships. The Commission's employees shall not accept gratuities or any other favors from subcontractors or potential subcontractors, nor shall the Commission employees be or seek to become subcontractors of the Commission.

The Commission shall not use funds, personnel, subcontractors, or materials paid for out of this Agreement to advocate or support any particular position on any matter that is being proposed

by a vote of the people, or is being considered for enactment by any legislative body of the City or County of San Diego, State of California, or the federal government except insofar as this Agreement or a matter pertaining to its performance is properly the subject of such vote or enactment.

4.2 Recognition of Parties in Documents: Both parties agree and acknowledge that the work undertaken pursuant to this Agreement is due to the efforts of both parties. Each party agrees to acknowledge the other party's support in all documents prepared for a project subject to this Agreement, including contracts, brochures, press releases, reports, onsite signage, or other written or oral communications promoting the project. Each party agrees to obtain the review and approval of the content, form, and location of all acknowledgments from the other party prior to their use, which approval shall not be unreasonably withheld. The following credit lines shall be used: "This program is funded by the Redevelopment Agency of the City of San Diego" and "This program is administered by the San Diego Housing Commission."

4.3 Mutual Indemnification: The Commission and the Agency each agree to defend, indemnify, protect, and hold the others' officers, agents, and employees harmless from any and all actions, suits, proceedings, liability, claims, demands for, damages or injuries to any person, including injury to their officers, agents, and employees, and all claims which arise from or are directly connected with the negligence or failure to perform services or other obligations of this Agreement, or are caused or claimed to be caused by the negligence of their officers, agents, or employees, and all expenses of investigating and defending against same; provided, however, that this indemnification and hold harmless shall not include any claim arising from the established sole negligence or willful misconduct of the other party, its officers, agents, employees, or attorneys.

ARTICLE 5: TIME OF PERFORMANCE

This Agreement and the performance of responsibilities hereunder shall commence upon the later of the date of its execution by the Agency or by the Commission and shall continue in full force and effect until terminated as provided herein. If the Agency does not appropriate funds to the Program in any given fiscal year and neither party has terminated this Agreement, this Agreement shall continue in effect with respect to the Program Funds then in the program.

ARTICLE 6: TERMINATION OF AGREEMENT

6.1 Right to Terminate for Convenience: Either party may, at its sole option and for its convenience, terminate all or any portion of the Agreement by giving written notice of such termination to the other party. Such notice shall be delivered by certified mail with return receipt for delivery to the Agency. The termination of the Agreement shall be effective upon receipt of the notice by the non-terminating party. After termination of this Agreement, the Commission shall complete any and all additional work necessary for the orderly filing of documents and closing of the Agency Account under this Agreement and notwithstanding the termination of this Agreement Agency shall pay the Commission for such work in accordance with the Section 8 of this Agreement. The Commission shall deliver to the Agency all reports, letters, calculations, and other documents or records related to the Program.

6.2 Agency's Right to Terminate for Default: If either party fails to perform or adequately perform any obligation required by this Agreement, such failure constitutes a Default. If the defaulting party fails to satisfactorily cure a Default within ten calendar days of receiving written notice from the non-defaulting party specifying the nature of the Default, the non-defaulting party may immediately cancel and/or terminate this Agreement, and terminate each and every right of the defaulting party, and any person claiming any rights by or through the defaulting party under this Agreement. The rights and remedies enumerated in this paragraph are cumulative and shall not limit either party's rights under any other provision of this Agreement, or otherwise waive or deny any right or remedy, at law or in equity, existing as of the date of this Agreement or enacted or established at a later date.

ARTICLE 7: SUBCONTRACTORS, ASSIGNMENTS AND DELGATIONS

The Commission shall not subcontract, assign, or delegate any of the rights, duties or responsibilities contained in this Agreement, without the advance written consent of the Agency. If the Commission does subcontract, assign, or delegate any of the rights, duties or responsibilities in violation of this Agreement, such subcontract, etc., shall be null and void and this Agreement may immediately be terminated by the Agency.

ARTICLE 8: COMPENSATION AND METHOD OF PAYMENT

The Commission shall be fully responsible for operating the Program. As compensation for this service, the Contractor shall utilize fifteen percent (15 %) of Housing Rehabilitation Program Loans funded during the specific fiscal year to offset any and all costs incurred in the administration of the Housing Rehabilitation Programs in any program year. All revolving accrued program income obtained through interest bearing accounts or loan repayments which are available for providing additional grants and loans shall likewise be included for purposes of determining the fifteen percent (15 %) administrative fee.

ARTICLE 9: TRANSFER OF FUNDS

Following the execution of this Agreement and upon the request of the Commission's Chief Executive Officer, or his/her designee, the appropriated funds for the Program to initially fund the Program, in the amount of \$452,000, and all amounts budgeted by the Agency from time to time in any subsequent years, shall be transferred to the Commission by the Agency for deposit in the Agency Account.

The Commission shall maintain these set-aside funds in the Agency Account for the Program. The banking procedures established by the Commission shall be satisfactory to the Agency and the City's Audit Department, and monitor the use of funds and see that it is clearly accounted for and identified. Interest earned on monies in the accounts, shall be returned to the Agency Account. The Commission shall account for the use and/or reinvestment of the set-aside

funds and interest earned on the interest-bearing accounts in its quarterly and annual reports to the Agency pursuant to the provisions of Section 3.4 of this Agreement. Re-invested funds shall be used to finance additional loans made through the Program and to pay administrative fees, as provided in Section 8 of this Agreement.

Should this Agreement be terminated, the Commission shall transfer any unused funds in the Agency Account, including all interest earned and any money repaid to the accounts by the Program participants, less any administrative fees, to the Agency within thirty days of the notice of termination issued by the Agency pursuant to Article 6 of this Agreement. If any loans made from the Agency Account remain outstanding at the time that this Agreement is terminated, the Commission agrees to either continue to administer such loans on behalf of the Agency and forward repayments to the Agency upon receipt, or to assign the loan directly to the Agency or its designee.

ARTICLE 10: MISCELLANEOUS

10.1 Entire Agreement: It is expressly understood and agreed that this Agreement constitutes the entire agreement between the Agency and Commission and in no event shall the Commission be entitled to any compensation, benefits, reimbursements or ancillary services other than as expressly provided herein.

10.2 Amendments: All modifications to this Agreement, except for those that affect the total compensation or term of the Agreement, must be agreed to by both parties in writing and signed by the Agency's Executive Director and the Commission's Chief Executive Officer.

10.3 Signing Authority: The representative signing on behalf of each party represents that authority has been obtained to sign on behalf of the party.

IN WITNESS WHEREOF, this Agreement is executed by the Redevelopment Agency of the City of San Diego by and through its Executive Director or designee, and by the San Diego Housing Commission, by and through its Chief Executive Officer or designee.

REDEVELOPMENT AGENCY OF THE CITY OF SAN DIEGO

Dated: _____

By: _____
Hank Cunningham
Assistant Executive Director

CONTRACTOR

Dated: _____

By: _____

Elizabeth Morris
President & Chief Executive Officer

WE HEREBY APPROVE the form and legality of the foregoing Agreement on this
_____ day of _____ 2004.

Casey Gwinn, General Counsel
Redevelopment Agency

Christensen Schwerdtfeger & Spath, LLP

By _____

Douglas Humphreys
Deputy General Counsel
Redevelopment Agency

By _____

Walter F. Spath III
General Counsel
San Diego Housing Commission

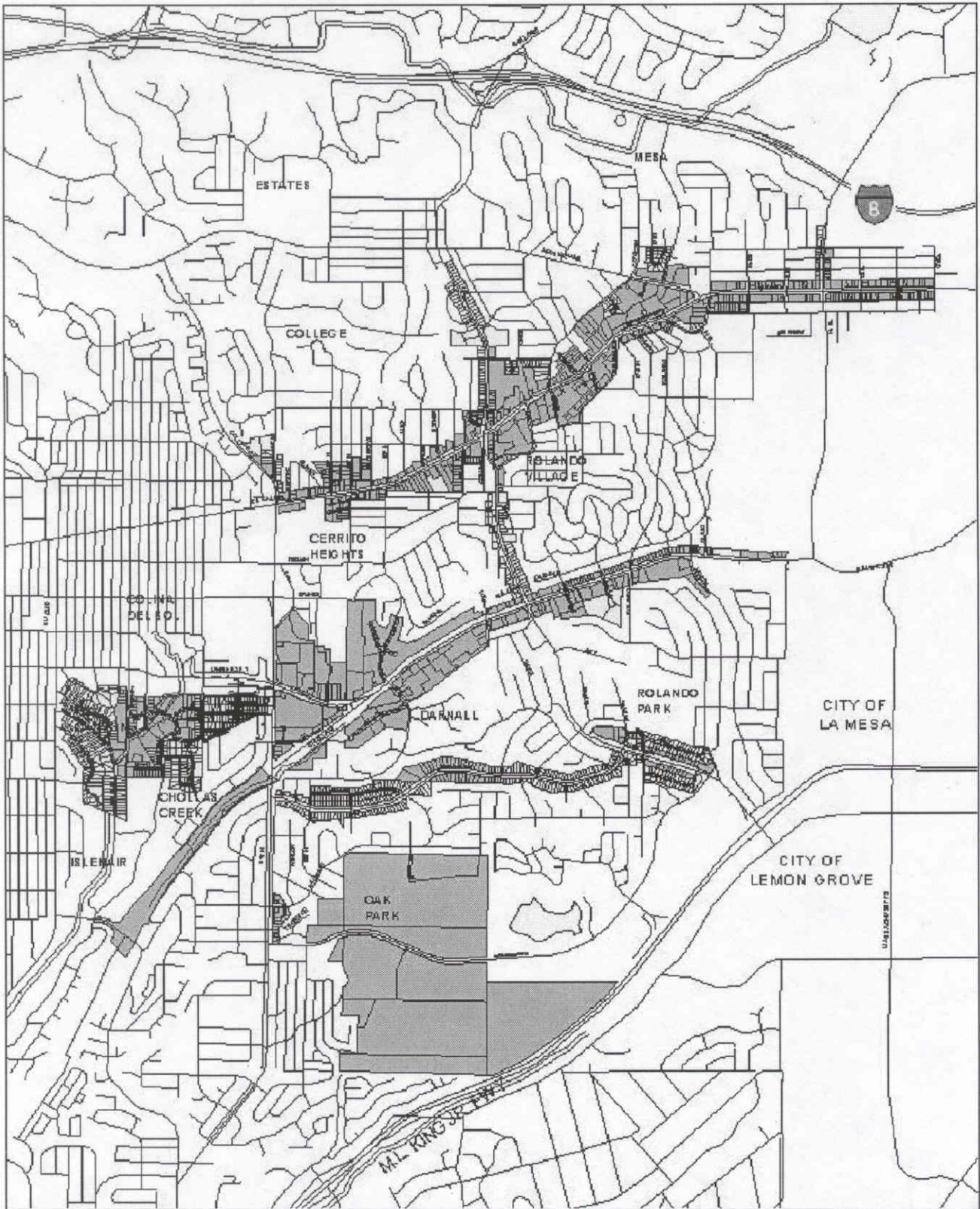
Exhibits:

Exhibit A: Map of Project Area

Exhibit B: Program Guidelines



Exhibit A

CROSSROADS PROJECT AREA MAP



LEGEND



-  Eminent Domain Authorized
-  Eminent Domain Not-Authorized



Ordinance Number O-1874 (M.L. King Jr. Freeway)
City Clerk Document No. CO-1874
Adopted by City Council May 8, 2008

File Name: 032608
Scale: 1/4" = 100'
Date: 03/26/08

Exhibit B

**Crossroads Redevelopment Project Area
H.E.L.P
(Housing Enhancement Loan Program)**

“Here’s an easy, low cost way to maintain and improve the value of your home and your neighborhood. The Redevelopment Agency of the City of San Diego offers low-interest loans to owner occupied one- and two-unit properties in the Crossroads Project Area to those who want to improve their homes. Loan assistance is available to offset the cost of qualified exterior improvements. Loans may be used to eliminate any potential housing safety violations and on general property improvements such as: roofs, gutters, downspouts, furnaces, hot water heaters, exterior door and window upgrades, exterior painting, exterior waterproofing, plaster repairs, and carpentry repairs”.

The City of San Diego Redevelopment Agency and the San Diego Housing Commission or a private contractor shall market and administer the Crossroads Housing Enhancement Loan Program (H.E.L.P) for low-to-moderate income households that are owner occupied for one- and two-unit properties within the Crossroads Redevelopment Project Area. The type and number of loan programs offered at any particular time in the Crossroads Redevelopment Project Area may vary depending on the amount of housing set-aside funding available. Should additional rehabilitation funding be needed, applicants may also apply for citywide Housing Rehabilitation Programs administered by the San Diego Housing Commission and other private and public agencies to supplement these programs, if and when eligible. H.E.L.P shall be administered in accordance with the attached Agreement. Housing enhancement loans shall be subject to standard loan approval policies and the guidelines described below:

GUIDELINES

Housing Enhancement Loans

A one-time only Housing Enhancement Loan of up to \$15,000 at an annual simple interest rate of 3% shall be made available owner-occupants of one-unit and two-unit properties which are within the Crossroads Redevelopment

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Project Area, whose gross household income is no greater than 100% of the Area Median Income (AMI). This loan will be used to address exterior conditions of a property to rehabilitate, improve the safety, repair and install improvements, including improvements not eligible in existing rehabilitation programs such as painting, stucco repair and water proofing to improve the safety of the property and assist with compliance with Universal Design standards. This loan program may be combined with other rehabilitation programs such as the San Diego Housing Commission's.

A twelve-year deed restriction will be imposed as a condition of the loan. The deed restriction will require that the owner maintain residence at the property for at least eight years, or limits sale of the property to persons who will occupy the property and whose gross household income at the time of sale is no greater than 100% of the Area Median Income, as adjusted annually. A new buyer may assume the loan if their gross household income is not greater than 100% of the AMI. If the property is refinanced and equity is cashed out the loan and accrued interest amount shall be repaid.

The deed restriction shall also provide for certain maintenance measures, specifically to maintain the property at the level of quality achieved by the rehabilitation. In the event of a default of the deed restriction (including the failure of the borrower to maintain the property at the level of quality achieved by the enhancement or rehabilitation), the Redevelopment Agency may, at its sole discretion, require the repayment of the unforgiven portion of the loan and accrued interest amount as set forth below, should such default not be cured within sixty (60) days following written notice from the Agency. In the event of a default, the loan

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**shall be repaid as described in the table below for the
Housing Enhancement Loan Program**

CROSSROADS
HOUSING ENHANCEMENT LOAN PROGRAM (H.E.L.P)

- REPAYMENT TABLE -

Within Applicable Year	Percent Principal to be Repaid
1 to 7	100
8	80
9	60
10	40
11	20
12	0

Memorandum of Agreement Affecting Real Property
(Rather than a Deed of Trust and Note)

BORROWER agrees that should the PROPERTY be sold, rented, conveyed, leased, transferred, assigned, further encumbered, alienated or refinanced less than twelve (12) years after the date of this AGREEMENT, without the prior written consent of the AGENCY, the remaining LOAN principal, plus simple interest on the remaining balance at three percent (3%) per annum shall be repayable to the AGENCY, at AGENCY sole discretion, as follows: During years one (1) through seven (7), full principal plus simple interest on the remaining balance at three percent (3%) per annum from the date of loan recording shall be repayable.

Commencing with the eighth (8th) year, an amount equal to twenty percent (20%) of the original principal shall automatically be forgiven each year to the twelfth (12th) year. The

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amount repayable from the eighth (8th) year on will be the unforgiven principal balance plus simple interest at three percent (3%) per annum on the unforgiven principal balance from the date of loan recordation.

Before End of Year:	1	2	3	4	5	6	7	8	9	10	11	12
Percent of Loan to be Repaid:	100	100	100	100	100	100	100	80	60	40	20	0